



# NATIONAL ASSOCIATION OF LETTER CARRIERS AFL-CIO

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TESTIMONY OF  
FRANCIS J. CONNERS, VICE PRESIDENT  
NATIONAL ASSOCIATION OF LETTER CARRIERS, AFL-CIO

BEFORE THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE  
HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 1983

**CONGRESSIONAL TESTIMONY**

My name is Francis J. Conners, Vice President of the National Association of Letter Carriers. With me today is George Gould, Legislative Assistant to NALC President Vincent Sombrotto. President Sombrotto could not be here today due to a long standing commitment, but he appreciates your invitation, Mr. Chairman, to participate in these hearings.

The National Association of Letter Carriers, AFL-CIO, a union representing approximately 252,000 Letter Carriers, of which 60,000 are retired Letter Carriers, is the exclusive bargaining agent for city delivery carriers employed by the U. S. Postal Service. We appreciate the opportunity to appear today before this Committee to discuss our concerns about the situation that will face new postal/federal employees beginning January 1, 1984. On that date, newly hired postal/federal employees will begin paying an additional 7% of their wages into Social Security along with a 7% contribution to Civil Service Retirement.

Mr. Chairman, let me personally thank you and the Members of your Committee for your continued concerns and commitment to the solvency of the Civil Service Retirement System and maintenance of benefit levels. Your Committee's long standing opposition to the proposed budget cuts over the past three years is greatly appreciated by all postal/federal employees and retirees. Without your firm actions, Civil Service benefits would have been severely reduced, contributions

increased by 57%, and the retirement age raised to 65. These hearings today show that continued concern.

As a result of the passage of H.R. 1900 earlier this year, post-1983 hires of the federal government will be covered by Social Security. They will be required to pay 5.7% into the Old Age and Survivors Disability Insurance fund as well as 1.3% into the Medicare fund. Because they continue to be covered by the Civil Service Retirement System, they will contribute 7% into this system.

A payment of 14% of wages into two retirement programs could cause problems for the government in recruiting and retaining qualified employees.. This is one of the problems we pointed out to the Congress during the consideration of the Social Security bill. Take for example two Letter Carriers working side-by-side, doing the same job and receiving the same pay under the National Collective Bargaining Agreement. A Letter Carrier hired in December, 1983, would have approximately \$1,660 deducted for retirement and Medicare. A Letter Carrier hired on January 1, 1984 would have \$2,800 deducted for Civil Service Retirement and Social Security. This situation could cause a dichotomized workforce within the Letter Carrier craft.

If a temporary solution to this problem can be achieved before January 1, 1984, we are willing to assist the Committee in its efforts. However, for the NALC to support any possible solution, it must meet certain criteria that

our union has subscribed to since the issue of Social Security coverage was first raised.

First, new employees must not be removed from coverage of the Civil Service Retirement System. It is necessary that post-1983 hires be continued in the Civil Service Retirement System until such time as a supplemental retirement system is developed for them. Continuing coverage gives new hires minimum assurances of a retirement system and does not leave them in limbo without any retirement system. While their future benefits are uncertain, it at least insures them of retirement coverage if Congress does not act.

Second, a full contribution of 7% to the Civil Service Retirement fund must be made either by the employees and/or on behalf of the employees. This insures full funding of the system and that there will be no reduction or interruption in the contributions. Such action also insures the solvency of the retirement fund and in no way threatens promised benefits to current employees.

Third, as mentioned earlier, there should be equity between the contribution levels of present employees and post-1983 hires. The huge gap in dollars deducted for retirement benefits could cause problems not only in the workforce, but between individuals. As time goes on, such inequity could only become more severe. We are concerned that all employees our union currently represents and will represent are treated fairly and that there be no dichotomy of the workforce.

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Mr. Chairman, let me again thank you for your continuing concerns on behalf of all postal/federal employees -- both present and future. We also look forward to working with you and your Committee on a possible solution to double coverage of new hires.

I will be happy to answer any questions you or other members of your Committee may wish to ask.